

# **Kentucky Agricultural Development Board**

## **Meeting Minutes**

**November 1, 2001**

**The Kentucky Agricultural Development Board met on Thursday, November 1, at 4:00 p.m., in Room 149 of the Capitol Annex. Governor Paul Patton, Chairman, called the meeting to order and the secretary called the roll.**

### **Members Present:**

Governor Paul E. Patton, Chairman; Commissioner Billy Ray Smith, Vice Chairman; John-Mark Hack, Executive Director; Vickie Yates Brown; Daniel Case; Larry Clay, Seth Conner, Susan Harkins; Wayne Hunt; Sam Lawson; Sam Moore; Willa Poynter; Eddie Sellers; Mike Slaughter; Dean Scott Smith; and Smith Mitchell for Secretary Gene Strong.

### **Guests:**

James W. "Jitter" Allen, Philip Morris Management Corp.; and Sara Dryden and Danny McKinney, Burley Tobacco Grower's Cooperative Assoc.

### **Agricultural Development Board Staff Present:**

David Bratcher, Penny Cline, Gordon Duke, Sandy Gardner, DeVon Hankins, Jeff Harper, Rhodes Johnston, Bill McCloskey, Chauncey Morris, Jeff Mosley, Joel Neaveill, and Lisa Thomas.

### **Notification of Media:**

Governor Patton received confirmation from John-Mark Hack that a media release regarding the Agricultural Development Board (ADB) meeting was sent.

Governor Patton advised that the Agricultural Development Board (ADB) had convened to receive the Blue Project Review Committee recommendation on project proposal #556.

### **Blue Project Review Committee Report:**

Vickie Yates Brown advised that there was a great amount of debate over the project proposal and with of vote of 3 yea; 2 nay; and 1 abstention, the Blue Project Review Committee recommended the following:

1. The project shall be funded for 1 year in the maximum amount of \$4.906 million dollars or \$6.32 cents per pound.
2. The funds shall be pro-rated, (up or down) with the addition or subtraction of auction warehouse participants, not to exceed the maximum amount.
3. Second year funding of the project shall be held pending until thorough review by the Agricultural Development Board, the Tobacco Task Force and the Governor's Tobacco Marketing Task Force.
4. The program shall be funded on the condition that the warehouses meet the Kentucky Farm Bureau recommendations that:
  - A. All tobacco be moisture tested, with the results on the ticket.
  - B. All grading shall be done without interference
  - C. The tobacco is weighed no more than 5 days before sale
5. The Burley Tobacco Growers Cooperative shall administer this project at no cost and conduct the distribution of funds at the end of the marketing season. The Burley Co-op will act as the enforcement agent for these funds and project.

Eddie Sellers moved with a second from Danny Case that the ADB adopt the committee report.

There was discussion.

Commissioner Smith asked if the amount of payment was not to exceed 6.32 cents per pound how could the payment be prorated up? Eddie Sellers advised that the recommendation was confusing and explained that the cap is 4.906M if more producers come into the warehouses; but not more than 6.32 cents per pound if producers leave the auction warehouse. Commissioner Smith stated that the recommendation needs further clarification.

Susan Harkins asked if the intent of HB611 allowed expenditure of funds in this manner.

Vickie Yates Brown advised that the ADB should hear the staff recommendation.

Rhodes Johnston discussed the staff recommendation. The recommendation was for no funding of the project request; however, staff did recommend the use of up to \$100,000 of Agricultural Development Funds for the underwriting of an additional study by an independent third party to explore the entire issue of preserving the auction and therefore the price support system. Given the ongoing study by the Tobacco Task Force, staff would encourage the funding of the study be coordinated through the Legislative Research Commission with a goal of having the study completed no later than February 1, 2002.

There was discussion.

Governor Patton stated that this was a no win situation. He advised that everyone wanted to stabilize the price support system; however, in his opinion this project proposal would not stabilize the system.

Governor Patton recommended that the ADB adopt staff recommendations. He further stated that the Burley Tobacco Grower's Cooperative fund the proposal this year while the Tobacco Task Force study is completed.

Governor Patton called for a roll call vote on the motion to adopt the Blue Project Review Committee Report. The motion failed with 4 yea votes from Danny Case, Sam Moore, Willa Poynter, and Eddie Sellers; 10 nay votes from Vickie Yates Brown, Larry Clay, Seth Conner, Susan Harkins, Wayne Hunt, Sam Lawson, Commissioner Smith, Dean Smith, Smith Mitchell, designee for Secretary Strong, and Governor Paul Patton; and Mike Slaughter abstained due to conflict of interest.

Governor Patton stated that he would entertain a motion to adopt the staff recommendation. Susan Harkins moved with a second from Commissioner Smith that the board adopt staff recommendations. The motion passed with 13 yea votes and two nay votes from Danny Case and Willa Poynter.

With no further business the meeting adjourned.